

Message Text

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73

ACTION XMB-07

INFO OCT-01 ARA-11 ADP-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 L-03 RSR-01 /089 W
----- 101193

R 151427 Z JUN 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 7983

INFO USDOC

LIMITED OFFICIAL USE BOGOTA 4953

E O 11652: NA

TAGS: EFIN, CO

SUBJ: EXIMBANK PRELIMINARY COMMITMENT TO ACERIAS PAZ DEL RIO

REF STATE 111037

1. TO DISCUSS MATTERS RAISED REFTEL, COMATT SAW DARIO VALLEJO, PRES, ACERIAS PAZ DEL RIO JUNE 13.
2. VALLEJO AT FIRST RESISTED IDEA OF REQUESTING EXTENSION OF EXPIRY DATE ON PRELIMINARY COMMITMENT (PC). HE SAID US SUPPLIERS HAD ARRANGED FINANCING (THEIR OWN PC' S) AND THAT THESE SUPPLIERS SHOULD REQUEST THE EXTENSION.
3. WHEN COMATT POINTED OUT THE GREAT CONVENIENCE WHICH THE DIRECT PC TO PAZ DEL RIO REPRESENTED, VALLEJO AGREED SEND LETTER SAME DAY (JUNE 13) TO EXIMBANK REQUESTING THE EXTENSION, OUTLINING CURRENT STATUS OF PROJECT AND NOTING AMOUNT OF FINANCING NEEDED, WHICH HE RECALLED AS ABOUT US\$25 MILLION.
4. VALLEJO SAID SELECTION OF SUPPLIERS MIGHT TAKE PLACE WITHIN ONE MONTH.

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5. HE FIRMLY DECLINED TO SEEK CENTRAL GOVT GUARANTY. HE SAID GUARANTY WOULD QTE ADD ONE AND HALF PERCENT TO COST OF FINANCING AND CAUSE TOO MUCH PAPERWORK UNQTE. HE CONSIDERED THAT IFI GUARANTY WOULD POSE SIMILAR PROBLEMS.

6. HE RECOGNIZED THAT TO DISCUSS EXIMBANK' S POSSIBLE FLEXIBILITY ON GOVT GUARANTY, EXIMBANK WOULD NEED ADDITIONAL FINAN DATA. NONETHELESS HE STATED FRANKLY THAT: (1) IT IS NOT CERTAIN US SUPPLIERS WILL WIN ALL PROJECT, THOUGH HE WOULD PREFER DEAL WITH ONE NATIONALITY; (2) COMPETITORS OF USA DO NOT REQUIRE GOVT GUARANTY; (3) IF USA WINS AWARD HE WILL THEN DISCUSS MATTER OF GUARANTY WITH EXIMBANK. HE ADDED THAT GUARANTY COULD BE ONE OF DECISIVE ISSUES IN ACTUAL CONTRACT NEGOTIATIONS. SACCIO

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
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Disposition Reason:
Disposition Remarks:
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